

**Teignbridge District Council  
Overview and Scrutiny 1 & 2  
Tuesday 12 December 2023**

**Medium Term Financial Plan (MTFP) Task & Finish Group - Interim  
Report 1**

**Purpose of Report**

To provide recommendations from the MTFP Task and Finish Group. The nature of the work of this group is that a number of reports will be produced as the work progresses.

**Recommendation(s)**

The Committee RECOMMENDS to Executive that:

1. It was agreed in principle to support the maximum Council Tax increase.
2. Reserves:
  - I. Funding Reserves should be used to support the revenue budget only as a last resort when all other avenues have been explored
  - II. To reduce the financial gap in future years, a proportion of funding resources should be directed to reduce the pension fund deficit
  - III. In principle aim to increase the level of General Reserves from £2.3m to £2.4m
  - IV. In terms of the funding reserve (being used to 'balance the books') it was agreed that the absolute minimum level of this in future years should be £3m but the Council should aim for £5m which will enable the capital programme and other schemes to go ahead.
3. The Medium Term Financial Plan (MTFP) Task & Finish Group, in recognising the financial challenges the council faces, recommends that O&S Committee and Executive and Council rejects any proposal coming forward that has a net cost to the council. All proposals must be balanced or exceeded by identified savings without using those listed in the M25 programme or further use of earmarked (funding) reserves.

**Report Author**

Cllr Bill Thorne, Chair of the Task and Finish Group and Kay Fice, Scrutiny Officer

**Executive Member**

Cllr Richard Keeling

Deputy Leader of the Council, and Executive Member for Corporate Resources

**Appendices**

- A) Terms of Reference agreed for the Task Group
- B) Workstream Table with Time-frames

- C) Council Finance & Budget Setting and Scrutiny: Centre for Governance and Scrutiny (CfGS) Training session 24 October 2023 delivered by Ian Parry – Programme content and learning outcomes

## **Background Papers**

- 26 September OS1 & OS2 Work Programme & Task & Finish Groups
- Meeting of Full Council 21 February 2023 Item 17 Budget and Council Tax 2023/24  
Specifically:
  - Appendix 5 – Revenue Budget
  - Appendix 6 – Fees & Charges
  - Appendix 8 - Financial Plan 2023 – 2028

### **1. Introduction/Background**

The task and finish group was created by Overview & Scrutiny Committees 1 & 2 on the 26 September 2023 and was tasked with the following work:

- To review the TDC Medium Term Financial Strategy and Teignbridge District Council Financial Plan.
- To make recommendations for consideration by the Executive following an Overview of the 2024/2025 Council Budget Proposals.
- To make recommendations for consideration by the Executive in time to inform the preparation of the 2025/2026 Council Budget

The following members are on the group;

- Cllr Phil Bullivant
- Cllr Richard Buscombe
- Cllr Sally Morgan
- Cllr David Palethorpe (until 31 October 2023)
- Cllr John Parrott (Vice-Chair)
- Cllr John Radford
- Cllr Suzanne Sanders
- Cllr Robert Steemson
- Cllr Bill Thorne (Chair)
- Cllr Peter Williams (from 30 November 2023)

They are supported by Kay Fice (Scrutiny Officer), Martin Flitcroft (Section 151 Chief Financial Officer) and other officers and members of the Senior Leadership Team.

### **2. Work of the group**

The group have met on 4 occasions:

- 10 October 2023
- 17 October 2023

- 2 November 2023
- 30 November 2023

In view of the seriousness of the financial situation of the Council, the group were keen to make practical suggestions to help the situation and reduce the risk of a S114 notice being issued at some point in the future. This included ensuring that any proposal agreed by Executive and/or Council that had a net cost had identified a source of funding and did not create a burden on the general reserves balance. The following statement was sent to members of the Executive (copied to the Senior Leadership Team) on 2 November 2023 and is included as recommendation 3.

*'The Medium Term Financial Plan (MTFP) Task & Finish Group in recognising the financial challenges the council faces, recommends that O&S Committee and Executive and Council rejects any proposal coming forward that has a net cost to the council. All proposals must be balanced or exceeded by identified savings without using those listed in the M25 programme or further use of earmarked reserves'*

The list of proposals in Appendix 8 of the Councils Financial Plan 2023-2028 were combined with the areas for review outlined in the TOR and presented into a Table (Appendix 1) for the group to develop the workstreams and timeframes. The areas identified as a priority with a timescale for delivery of October – December 2023 were considered and the outcomes are contained within this interim report as recommendations.

Members had the opportunity to attend a Training session 'Council Finance & Budget Setting and Scrutiny' delivered by Ian Parry from the Centre for Governance and Scrutiny (CfGS) on 24 October 2023. The Programme content and learning outcomes are attached as Appendix B).

Other areas of work are ongoing with those identified with a 6 – 12 month timescale are being addressed next. The Workstream Table will become the driver for the areas of review and will be supplemented as appropriate when other ideas are brought forward by the group. It may be that some areas will be more appropriately addressed by other Task & Finish Groups but where they could have an impact on the financial position of the Council feedback from this group will be offered.

Examples of areas of work that are currently in train or recent ideas that could be included in a future report(s):

- Analysis of Fees & Charges in the context of developing a 3 year strategy (including major income sources e.g. car-parking)
- Review of Statutory and Discretionary activities
- Exploration of other savings ideas (in addition to Modern 25 Agenda and arising from the 'Blue-sky thinking' document being compiled by members of the group)
- Reviewing service arrangements with Towns and Parish Councils
- Benchmarking costs of services
- Review of policy granting 100% Council Tax relief (2025/26 onwards)
- Review pension scheme arrangements

Regard will be given to any additional advice contained in the recent LGA report by Chris West although it is clear that it endorses the approach being taken by the Council and is supportive of the direction of travel.

A statement will be given to the Asset Review Task & Finish Group (not yet formed as it is a Priority 2) making it clear that this group would like them to consider best value particularly in terms of finance to enhance capital receipts, thereby reducing the impact of borrowing costs on the revenue budget.

### **3. Recommendations of the group**

The Committee RECOMMENDS to Executive that:

1. It was agreed in principle to support the maximum Council Tax increase.
2. Reserves:
  - i. Funding Reserves should be used to support the revenue budget only as a last resort when all other avenues have been explored
  - ii. To reduce the financial gap in future years, a proportion of funding resources should be directed to reduce the pension fund deficit
  - iii. In principle aim to increase the level of General Reserves from £2.3m to £2.4m
  - iv. In terms of the funding reserve (being used to 'balance the books') it was agreed that the absolute minimum level of this in future years should be £3m but the Council should aim for £5m which will enable the capital programme and other schemes to go ahead.
3. The Medium Term Financial Plan (MTFP) Task & Finish Group, in recognising the financial challenges the council faces, recommends that O&S Committee and Executive and Council rejects any proposal coming forward that has a net cost to the council. All proposals must be balanced or exceeded by identified savings without using those listed in the M25 programme or further use of earmarked (funding) reserves.

### **4. Conclusion**

That the recommendations are put forward to the Executive for their consideration.

Appendix A)

## Task and Finish Group (T&FG) – MTFP Terms of Reference (TOR)

### Name of T&F Group

Task & Finish Group – Medium Term Financial Plan (September 2023)

### Decision making body to whom it will report

Overview & Scrutiny 1 & 2

### Scope

Proposal form timescale indicated 3-6 months but it is likely to have a number of strands and needs to influence both the 2024/25 and 2025/26 Budget

### Aims of the review

- To review the TDC Medium Term Financial Strategy and Teignbridge District Council Financial Plan, incorporating external advice as appropriate.
- To make recommendations for consideration by the Executive following an Overview of the 2024/2025 Council Budget Proposals.
- To make recommendations for consideration by the Executive in time to inform the preparation of the 2025/2026 Council Budget

### Group Membership

#### Membership of Group

Cllr Phil Bullivant  
Cllr Richard Buscombe  
Cllr Sally Morgan  
Cllr David Palethorpe (until 31 October 2023)  
Cllr John Parrott (Vice-Chair)  
Cllr John Radford  
Cllr Suzanne Sanders  
Cllr Robert Steemson  
Cllr Bill Thorne (Chair)  
Cllr Peter Williams (from 30 November 2023)

## **Lead Officer(s)**

Martin Flitcroft (S151 officer) plus other members of SLT as appropriate
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## **Possible lines of enquiry the T&FG could explore:**

### **Background Documents.**

TDC Budget 2023/24, 2024/2025  
TDC Financial Plan  
Capital Programme  
Statutory Services Key Development Plans/Needs  
TDC Commercial Strategy  
TDC Annual Governance Statement  
TDC Assets and Estates Strategy and Policies  
CIPFA Guidance  
Grant Thornton Audit Opinion  
Financial Benchmarking Data from Local Government Inform  
Departmental Budgets

### **Draft review plan (not in priority order)**

- 1. To review and consider all revenue and capital budgets across all departments of the Council.**
- 2. To review and consider the savings being delivered through the M25 project.**
- 3. To review all statutory services that the Council has a duty to deliver and the level of effectiveness and efficiency with which they are being delivered**
- 4. To review all discretionary services and projects and the effectiveness of the services and projects being delivered**
- 5. To review and consider in the light of a projected (Aug2023) budget gap of circa £4m in the financial year 2025/2026 how the council will resolve the issue.**
- 6. To review how during the financial year 2024/2025 the Council approach to finding savings of £1.3m in 2024/25.**
- 7. To review and consider the Council strategy and policies on all fees and charges**
- 8. To review the council strategy corporate aims and objectives to ensure that the strategy is financially viable.**

### **Other Task & Finish Groups**

**To contribute to the work of other Task & Finish Groups by providing financial advice e.g.**

- To review and consider the Council policies on the management of assets and estates that operates on a commercial basis, including asset disposal**
- To review and consider the Council strategy and policies on assets and estates that operates for community benefit and all associated fees and charges**

### **Time limit for work and to whom report should be submitted**

Specific details to be determined. There are likely to be a series of recommendations at different stages. Interim report 1 to O&S1&2 12 December 2023.

### **Meeting dates**

To be discussed/agreed at the first meeting. At least monthly.  
Meetings held on 10 & 17 October 2023, 2 & 30 November 2023

### **Possible witnesses/consultees/interested parties**

Suggested Consultees (not an exhaustive list):-

TDC Officers -151 Officer to provide briefings to members  
TDC Departments Budget Holders  
Local Government Finance Specialist (expert witness)  
TDC Council Leader and Executive Members  
TDC Group Leaders  
TDC Council Members

### **Resources**

*The T&FG is responsible for producing the final report for O&S consideration which will be presented by the chair*

- Council Officers – Scrutiny Officer
- Council Officers – e.g. Service managers, finance support

### **SLT/CMT Officer comments if any**

The work of the group will help to inform budget decisions as part of the annual budget setting process

### **Point of contact**

Email Democratic Services team email address: [Democratic Services](#)

Appendix B)

**MTFP Task & Finish Group – WORKSTREAMS:**

@ 17 October 2023

Colour coded lines can be considered together.

	Extract from TDC Financial Plan 2023 – 2028 App 8	Aligns with MTFP Proposal form no(s) (details below)	Suggested Time-frame for delivering savings			Notes
<b>a</b>	Approval of Council tax increases at the maximum allowed – historically £5 or 1.99% (now increased to £5.54 (2.99%) for 2023/24)	5 & 6	OCT-DEC 23			Aim for O&S 12 Dec.
<b>b</b>	Agreement of our asset strategy and determining best use of our assets – disposal/transfer/re-use and re-model					<b>(separate review group)</b>
<b>c</b>	Pursuit of maximum asset disposal proceeds	1,2,8,9	OCT-DEC 23			Aim for O&S 12 Dec.
<b>d</b>	Exploring commercial investment opportunities including charging policy	1,5,6,7		6 TO 12 MONTHS		
<b>e</b>	Maximising income from existing fees and charges	1,2,5,6,7		6 TO 12 MONTHS		
<b>f</b>	Exploring new opportunities for setting fees and charges	1,2,5,6,7		6 TO 12 MONTHS		
<b>g</b>	Reviewing the savings options from the Ignite work	2,3,4		6 TO 24 MONTHS		Refer to Modern 25 List
<b>h</b>	Investing in our IT provision to deliver more automation and efficiencies	2			12 TO 24 MONTHS	
<b>i</b>	Review our policy for earmarked reserves and funding budget gaps	10	OCT-DEC 23			Aim for O&S 12 Dec.

	<b>Extract from TDC Financial Plan 2023 – 2028 App 8</b>	<b>Aligns with MTFP Proposal form no(s) (details below)</b>	<b>Suggested Time-frame for delivering savings</b>			<b>Notes</b>
<b>j</b>	Reviewing support for third sector grants and support					<b>(separate review group)</b>
<b>k</b>	Identifying other voluntary grants and future support					<b>(separate review group)</b>
<b>l</b>	Reviewing quick wins and budgets no longer required	1,2,5,6	OCT-DEC 23			Aim for O&S 12 Dec.
<b>m</b>	Periodic review of the capital programme and alignment to strategic priorities	1,10		6 TO 12 MONTHS		
<b>n</b>	Agreement to provide a revenue contribution to capital – currently proposed at £300k per annum in 2023/24 and £500k per annum for future years	1		6 TO 12 MONTHS		
<b>o</b>	Determining adequate borrowing limits including headroom for the capital programme through approval of the appropriate treasury management indicators	1		6 TO 12 MONTHS		
<b>p</b>	Councillors' community fund budget	1,2,4,5,6	OCT-DEC 23			Or in line with j and k?
<b>q</b>	Further payments to reduce the pension fund deficit	1,2,5,6	OCT-DEC 23			Potential use of earmarked reserves?
<b>r</b>	Minimum level of general reserves – currently suggested at £2.3 million	2	OCT-DEC 23			Increase with inflation?

	Extract from TDC Financial Plan 2023 – 2028 App 8	Aligns with MTFP Proposal form no(s) (details below)	Suggested Time-frame for delivering savings			Notes
<b>s</b>	Limit use of earmarked reserves to bridge budget gaps	2,5,6	OCT-DEC 23			Minimum balance?
<b>t</b>	Considering new funding models	2,5,6			12 TO 24 MONTHS	
<b>u</b>	Timeline for delivery of savings					<b>Detailed above (a – t)</b>
<b>NEW</b>	Working with town and parish councils re service provision	1,2,4,5,6,8,9		6 TO 12 MONTHS		

### O&S PROPOSALS:

1. To review and consider all revenue and capital budgets across all departments of the Council.
2. To review and consider the savings being delivered through the M25 project.
3. To review all statutory services that the Council has a duty to deliver and the level of effectiveness and efficiency with which they are being delivered
4. To review all discretionary services and projects and the effectiveness of the services and projects being delivered
5. To review and consider in the light of a projected (Aug2023) budget gap of circa £4m in the financial year 2025/2026 how the council will resolve the issue.
6. To review how during the financial year 2024/2025 the Council approach to finding savings of £1.3m in 2024/25.
7. To review and consider the Council strategy and policies on all fees and charges
8. To review and consider the Council policies on the management of assets and estates that operates on a commercial basis, including asset disposal.
9. To review and consider the Council strategy and policies on assets and estates that operates for community benefit and all associated fees and charges
10. To review the council strategy corporate aims and objectives to ensure that the strategy is financially viable

### IMPORTANT TO NOTE:

All initiatives must have regard to Modern 25 savings proposals to avoid duplication of effort and risk of 'double-counting' savings

## Appendix C)

### **Council Finance & Budget and Scrutiny Centre for Governance and Scrutiny (Ian Parry)**

24 October 2023 2-4pm The Long Room Old Forde House

Designed to give Councillors an understanding of the role scrutiny plays in the development and delivery of the council's budget, medium-term financial strategy, capital budget and treasury and asset management.

Proposed content:

- How finance/budget scrutiny can add value to council
- How budget scrutiny should be planned and managed
- Scope out the task of budget scrutiny
- Process, timeline and milestone in budget scrutiny
- How scrutiny plays a key role in testing assumptions and in shaping budgets
- Build understanding of the role of scrutiny in the budget cycle
- Explore how key lines of enquiry can assist and focus scrutiny in its role
- The role of scrutiny in other areas of the council's financial activities
- Scrutinising and tracking budget delivery, transformation and cost reduction plans
- Understand risk and the role of scrutiny in assessing it
- Scrutinising financial performance and delivery

### **Learning outcomes**

This session will help Members of scrutiny to recognise the vital role of scrutiny in helping to constructively test and challenge to council's budget, corporate priorities and the robustness of financial planning to support them. Members should gain an understanding of how scrutiny can test assumptions, risks and pressures that underline budgets and medium-term financial plans. This session will also help Members to develop questioning strategies to test budget and financial plans and hold to account political decision makers for the delivery of their plans.